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FM AMEMBASSY CANBERRA
TO RUEHC/SECSTATE WASHDC 2361
INFO RHEHAAA/WHITE HOUSE WASHINGTON DC
RUEHOT/AMEMBASSY OTTAWA 0008
RUEHBJ/AMEMBASSY BEIJING 9651
RUEHUL/AMEMBASSY SEOUL 9956
RUEHJA/AMEMBASSY JAKARTA 5563
RUEHKO/AMEMBASSY TOKYO 3743
RUEHLO/AMEMBASSY LONDON 2148
RUEHWL/AMEMBASSY WELLINGTON 0163
RUEHOT/AMEMBASSY OTTAWA 0009
RUEHBN/AMCONSUL MELBOURNE 6802
RUEHPT/AMCONSUL PERTH 5068
RUEHDN/AMCONSUL SYDNEY 5071

UNCLAS SECTION 01 OF 02 CANBERRA 001053

SENSITIVE
SIPDIS

DEPARTMENT FOR S/SECC STERN

E.O. 12958: N/A
TAGS: [SENV](#) [PGOV](#) [AS](#)
SUBJECT: OPPOSITION MELTS DOWN OVER CLIMATE CHANGE

REF: CANBERRA 920, CANBERRA 893 and previous

11. (SBU) SUMMARY: The Opposition Liberal Party is in turmoil after an unprecedented revolt against leader Malcolm Turnbull and his decision to support the Government's climate change legislation. A Liberal party leadership ballot will be held on Monday. Malcolm Turnbull's decision to back the government's emissions trading scheme has deeply divided the Liberal party, causing Tony Abbott - from the party's right - to put his hand up. Some of Turnbull's supporters are pressuring him to resign so that fellow moderate Joe Hockey - who insists he won't challenge Turnbull - can take over. The Right is amenable to Hockey provided he makes concessions on the ETS. The majority view is that Hockey will succeed Turnbull however Turnbull insists he's not resigning. This public meltdown is likely to leave deep scars within the Liberals and further reinforces the consensus that Prime Minister Kevin Rudd is primed for victory in the next election, which is likely to be sometime in 2010. END SUMMARY.

LIBS PLOT TURNBULL'S DOWNFALL

12. (SBU) A significant proportion of Liberal MPs were livid at Turnbull for announcing Opposition support for a revised version of the government's emissions trading scheme (ETS) earlier in the week. This followed the Government accepting a series of Opposition amendments to the legislation that provided additional compensation to industry. Angry Liberals first called for a leadership vote, which was defeated November 25 by a margin of 48-35, allowing Turnbull to argue he had party support for voting in favor of the ETS. However, on November 26, around 10 Liberals - including Abbott and Senate Leader Nick Minchin - announced their resignations from the frontbench. Liberal Senator Gary Humphries told us this was part of a "coordinated campaign."

13. (SBU) Turnbull hit the airwaves, declaring he would not back down or resign, and that the Liberal party would be annihilated if it took a "do nothing" position on climate change. Echoing Prime Minister Rudd, he warned that taking no action on climate change risked "the future of our planet and the future of our children and their children". On November 27, Abbott announced he would challenge Turnbull for the leadership if Turnbull didn't change his position on the ETS. Subsequently, a meeting will be held on Monday 30 November to determine 1) whether there should be a ballot for the leadership - a "spill motion;" and 2) if the answer is yes, a leadership ballot.

LIBERAL INSIDER'S PREDICTION

¶4. (SBU) Liberal Party Deputy Federal Director James McGrath (PROTECT) confided that Turnbull's key supporters are pressuring Turnbull to resign so that Shadow Treasurer Joe Hockey - who doesn't want to challenge Turnbull - becomes leader. They fear Abbott would win a showdown with Turnbull, delivering the leadership to someone viewed as far more conservative on social issues than mainstream Australians. According to McGrath, Abbott and Minchin assured Hockey he will be elected unopposed if he agrees to make concessions on the ETS. McGrath predicted Hockey would be leader by Monday Qon the ETS. McGrath predicted Hockey would be leader by Monday afternoon but that removing Turnbull could be messy due to his stubbornness.

¶5. (SBU) COMMENT: The consensus among our political contacts is that Turnbull will resign - perhaps if he loses the spill motion - and that Hockey will become leader. However, if a spill motion succeeds, it is conceivable the belligerent Turnbull doesn't resign, thus bringing on a leadership showdown with Abbott. If this occurs, enormous pressure will be brought on Hockey to run. While Abbott may connect with the Liberal base, some Liberals are fearful his very conservative views will alienate critical swing voters, particularly women. Anti-ETS Liberals believe public opinion is turning against an emissions trading scheme as the associated costs become apparent, and have no fear of Rudd calling an early election on the issue. Interestingly, some Labor strategists have told us such an election would be risky given the location of several Labor marginal seats. However, Labor Party politicians are confident that the disarray within the Opposition will pay dividends for a long a time to come. END COMMENT.

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